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**PRELIMINARY DRAFT**  
**No. 3292**

**PREPARED BY**  
**LEGISLATIVE SERVICES AGENCY**  
**2013 GENERAL ASSEMBLY**

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**DIGEST**

**Citations Affected:** IC 5-10.2-5-44.

**Synopsis:** Public employee pension benefit adjustments. Establishes a formula for annual postretirement benefit adjustments for members, survivors, and beneficiaries of the public employees' retirement fund (PERF) and the Indiana state teachers' retirement fund (TRF).

**Effective:** July 1, 2013.



A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 5-10.2-5-44 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 44. (a) This section applies to an individual who receives a monthly benefit payable after June 30, 2014, as:**

**(1) a member of the public employees' retirement fund or the Indiana state teachers' retirement fund; and**

**(2) a survivor or beneficiary of a member described in subdivision (1).**

**(b) The adjustment in the amount paid by a fund to a member after June 30 each year shall be determined, not later than December 1 of the immediately preceding year, in STEP FIVE of the following formula:**

**STEP ONE: Multiply ten dollars (\$10) by the lesser of:**

**(A) the number of years of creditable service used to compute the member's retirement benefit under IC 5-10.2-4-4; or**

**(B) thirty (30) years.**

**STEP TWO: Multiply the pension portion (plus postretirement increases to the pension portion) of the monthly retirement benefit provided by employer contributions paid to the member on July 1 of the immediately preceding year by twelve (12).**

**STEP THREE: Multiply the lesser of:**

**(A) the product determined by STEP TWO; or**

**(B) thirty thousand dollars (\$30,000);**

**by one percent (1%).**

**STEP FOUR: Add:**

**(A) the product determined in STEP ONE; and**

**(B) the product determined in STEP THREE.**

**STEP FIVE: Multiply the sum determined in STEP FOUR by one (1).**



1       (c) The adjustment determined under subsection (b) may be  
2 paid by either of the following methods as determined by the  
3 general assembly each year:

4       (1) In twelve (12) equal installments as an increase in the  
5 pension portion (plus postretirement increases to the pension  
6 portion) provided by employer or state contributions of the  
7 monthly retirement benefit.

8       (2) As a one (1) time lump sum amount that is not an increase  
9 in the pension portion of the monthly retirement benefit.

10       (d) If the adjustment determined under subsection (b) is payable  
11 as an increase in the pension portion of the monthly retirement  
12 benefit, the adjustment:

13       (1) applies to a monthly benefit payable after June 30;

14       (2) does not apply to benefits payable in a lump sum; and

15       (3) is in addition to any other increase provided by law.

16       (e) If the adjustment determined under subsection (b) is payable  
17 as a one (1) time lump sum amount, the fund shall pay the  
18 adjustment amount not later than July 1 each year.

19       (f) If two (2) or more survivors or beneficiaries of a member are  
20 entitled to an amount paid under subsection (e), the amount shall  
21 be allocated to the survivors or beneficiaries in share using the  
22 same percentages determined under IC 5-10.2-3-7.5 or  
23 IC 5-10.4-4-10 to pay the monthly benefit to the survivors or  
24 beneficiaries.

